



December 17, 2018

Dear Employee:

The purpose of this letter is to inform you that the difficult decision has been made to close all Vatterott schools, effective immediately. Following, we provide additional information regarding this process. Please note that all plans relating to the closure of the Vatterott schools are subject to review by the schools' regulators.

1. First, we want to thank you for dedicating your time and energy to educating students and preparing them for successful careers, and for doing so at a Vatterott school. As we noted in the student letter that also is being distributed today, changes in economic and regulatory conditions in recent years have had a significant, prolonged, negative impact on the Vatterott institutions. These changes also have made it difficult to secure additional financing or capital. In order to address these challenges, we entered into a Missouri state receivership and identified a buyer that was interested in purchasing Vatterott and investing the time and resources Vatterott would need to stabilize and flourish. We successfully signed a letter of intent with this buyer, and were prepared to move forward with a sale. Unfortunately, the U.S. Department of Education recently decided to significantly increase the restrictions on Vatterott's participation in the federal financial aid programs. Vatterott is unable to continue operation under these restrictions, and consequently, is unable to complete the aforementioned sale. The Department imposed these restrictions despite the presence of an interested buyer and our clear communication that such restrictions would result in the school's closure.
2. All Vatterott schools and locations will close completely and immediately effective today, December 17, 2018.
3. As we explain in the student letter, we are working to identify schools that may be able to take current students on transfer, so that those who have not yet graduated will have the opportunity to complete their program or one similar to it. The student letter referenced above will be emailed to all students, posted to our external website, and posted at the entrance to the school. We also will attempt to provide the notice through social media and other means of communication so as to ensure that all students are notified as quickly as possible, and to send an email to all faculty and staff.
4. We will post information relating to the closure to the external website, and encourage employees, like students, to monitor the website.
5. Unless informed otherwise, employees will be paid through December 17, 2018 (or last day worked). We anticipate that final paychecks will be direct deposited the following week.
6. Employee benefits, to include health insurance, will end effective December 17, 2018. Losing existing coverage constitutes a "life change." Employees may be able to secure alternative coverage through a spouse's or domestic partner's employer, through a federal or state exchange, or directly from a carrier.
7. Employees are free to immediately collect their belongings and to leave the campus today. Upon departure, please provide any access keys or passes to the Campus Director. The campus will be closed at 4 pm today, December 17, 2018.

In addition to monitoring the external website, employees may send questions regarding the closure to closure@vatterott.edu. Please note that following the closure, Vatterott will continue to employ only a very small number of individuals for the purpose of managing final administrative tasks (e.g., record storage, final payroll, transcript requests). This small team will only remain with Vatterott for a temporary period. All Vatterott employees, whether part of the corporate or school staff, are impacted.

Sincerely,

Vatterott Educational Centers, Inc.